

(800) 473-6757

Call the
MOSTARS
Information
Center

to speak with trained
staff members about
any story in this
newsletter
as well as to obtain
free information about
state and federal
student financial
assistance programs.

(573) 751-3940

April 2000



...providing
postsecondary
assistance
to Missouri families

Missouri Student Assistance Resource Services

MOSTARS is a division of the Missouri Department of Higher Education.

In-School Deferment Backdating Rule Changes

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FFEL
Program

On Feb. 17, the Common Manual Governing Board approved policy proposal No. 379. This guarantor proposal updates the Common Manual with a regulatory change resulting from the Final Rules published in the Federal Register on Oct. 29, 1999.

Until now, a lender was permitted to grant a deferment that began on the date the condition entitling the borrower to the deferment first existed but no earlier than six months before the lender received the borrower's request (if required) and documentation supporting the borrower's deferment eligibility.

The new Common Manual policy exempts **only in-school deferment** from the six-month backdating rule. Now, an in-school deferment begins on the date the condition that entitled the borrower to the deferment first existed. A lender must grant an in-school deferment for each eligible period of enrollment, regardless of the date on which enrollment began or the date the lender received the documentation necessary to grant the deferment.

The lender also may bill the U.S. Department of Education for interest benefits on a subsidized Federal Stafford Loan beginning on the date the borrower's qualifying enrollment begins.

The new Common Manual policy is effective for in-school deferments granted on or after July 1, 2000. However, the lender may implement the change earlier than the regulatory effective date to maximize benefits to Federal Family Education Loan Program borrowers. The Missouri Student Loan Program supports the lender's option to implement early.

For all other deferments **other than in-school deferment**, the lender must grant a deferment beginning on the date the condition entitling the borrower to the deferment first existed but no more than six months before the date the lender receives the borrower's request and documentation of eligibility.

A Common Manual bulletin announcing this policy update will be distributed to MSLP participants in the near future under separate cover. ★

In this issue

Master Promissory Note Q & As	2-3
Order Forms on the Web	3
Deadline for Reporting New Lender Special Allowance Codes is Delayed	4
Unreported Loans May Trigger Lender Program Review	4
Publications Order Form	5
Test Your Knowledge Crossword Puzzle	6
Revised Brochure Includes Updated Information on State, Federal Student Assistance	7
Electronic Counseling Moves to MYF	8
Staff News	8 & 10
Eligible Lender List Changes	9
Basic Training Set for May	9



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This portion of the **MOSTARS** newsletter includes questions and answers regarding various topics brought to our attention by MOSTARS clients.

If you happen to see one of your questions published, give yourself a pat on the back for asking a question that may benefit other clients.

In addition, if you think there is a need for a published clarification on a particular topic, contact the **MOSTARS Information Center at (800) 473-6757 or (573) 751-3940** to discuss the topic. We may include the question in future issues of **MOSTARS**. ★

When are institutions required to start using the Master Promissory Note process?

Institutions were able to begin using the MPN on or after July 1, 1999. However, all institutions are required to use the MPN for loan periods starting on or after July 1, 2000, and for loans certified on or after July 1, 2000.

I work at a two-year institution and have not started revising our institution's financial aid processes to accommodate the MPN. Where do I start?

Keep in mind two-year institutions are not eligible to participate in the MPN serial loan feature, so many of your processes will not change. Each time a loan is requested, the student will complete an MPN and the institution will complete a school certification form manually or electronically certify the loan using application processing software.

All institutions' informational materials, whether eligible for the serial loan feature or not, should be reviewed to ensure the student recognizes the MPN and realizes the MPN has different terms than the prior common application, such as, the serial loan feature. This would be especially important if the student later transfers to a four-year institution.

It would be helpful for you to review the Missouri Student Loan Program MPN Policies and Procedures Manual and the National Council of Higher Education Loan Programs, Inc., MPN Implementation Guide for the most comprehensive information regarding the MPN processes. The MSLP MPN Policies and Procedures Manual can be requested by calling the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. The NCHelp MPN Implementation Guide can be downloaded from the NCHelp web site at www.nchelp.org/contents/initiatives/mpn/download/Impguide_021999.pdf.

What must institutions, which are eligible for the serial loan feature, do to prepare for MPN processing?

Refer to the above response that relates to non-serial loan institutions. The main difference for four-year, graduate and professional institutions is that these institutions must prepare for the active or passive confirmation process for serial loans, through which the student acknowledges the amount he or she wants to borrow. Most institutions have indicated they will use the award letter process to document the student's desire to borrow a loan.

Is it the school's responsibility to distribute the MPN to the borrowers?

No. It is the lender's responsibility to ensure that a completed MPN is on file before funds are disbursed. Schools may choose, however, to participate in the MPN distribution in different ways. For example, following are two options:

1. If a school is already set up on the Guarantec database to have promissory notes generated, the MPN will be generated and mailed to the borrower upon loan guarantee.
2. If a school is processing the loan manually, the school may distribute a blank MPN to the student at any time after the award letter indicating a desire to borrow a loan is returned until about the time the school certifies the loan.

If the school chooses to distribute the MPN, the school must determine whether to instruct the student to mail the completed MPN directly to the lender or to have the student return the MPN to the school for submission to the lender along with the school certification of the loan.

How can I request a supply of MPNs and school certification forms?

You can access the MSLP Forms Order form on the MOSTARS web site under MOSTARS Resources and Links at www.mocbhe.gov/mostars/mslp.htm, e-mail your request to forms@guarantec.com or call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. See the related story on this page regarding ordering forms via our web site.



For Your Convenience

An information box indicating subject matter accompanies each article in this newsletter. This box also contains the name of the article's contact person (where applicable) and his or her phone number and e-mail user ID. The formula for e-mail addresses at MOSTARS and the Missouri Department of Higher Education is as follows:

USER ID@admin.mocbhe.gov

Remember, you also can contact the MOSTARS Information Center at
(800) 473-6757 or (573) 751-3940.

Order Forms on the Web

FFEL Program

Beth Ziehmer
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Last fall, Missouri Student Loan Program clients were given the e-mail address forms@guarantec.com to send form orders. Now clients also can request loan related forms through an order form on the MOSTARS web site, located at www.mocbhe.gov/mostars/mslp.htm. The order form also can be accessed through the Resources and Links page at www.mocbhe.gov/mostars/finmenu.htm.

School or lender clients can order a variety of loan forms through the web site, including:

- ★ Master Promissory Notes
- ★ School certification forms
- ★ Deferment forms
- ★ Discharge applications
- ★ Loan Status Update Forms (Form 8)

If you have questions regarding the status of a form order, the Forms Hotline number at the MSLP servicer, Guarantec, is (800) 667-7906, extension 7415. You also can contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. ★

Deadline for Reporting New Lender Special Allowance Codes is Revised

Ruth Chrismore
(573) 751-8748
USER ID: rchrismore

**FFEL
Program**

Reporting of the new special allowance codes (based on commercial paper rates) for new loans first disbursed on or after Jan. 1, 2000, **will be** accepted by the U.S. Department of Education **for the reporting period ending March 31, 2000.**

A February 2000 bulletin from the USDE required lenders to delay reporting loans under the new special allowance codes until the quarter ending June 2000. However, due to concerns raised from the lender community, a March 10, 2000, bulletin rescinded the June 2000 deadline.

Effective for the reporting period ending March 31, 2000, the new codes are as follows:

For subsidized/unsubsidized Federal Stafford Loans first disbursed on or after Jan. 1, 2000 and before July 1, 2003:

SAP Code

CA
CB

Loan Status

In-school, grace and deferment
In repayment or forbearance

For Federal Consolidation Loan applications received on or after Jan. 1, 2000, and before July 1, 2003:

SAP Code

CC

Loan Status

N/A

For PLUS loans first disbursed on or after Jan. 1, 2000, and before July 1, 2003:

SAP Code

CD

Loan Status

N/A

If you have questions, call the USDE Lender Reporting Team at (202) 708-9776 or send an e-mail message to OSFA_LR@ed.gov. ★

Unreported Loans May Trigger Lender Program Review

Ruth Chrismore
(573) 751-8748
USER ID: rchrismore

**FFEL
Program**

As reported in previous newsletters, the Missouri Student Loan Program mailed its fourth Unreported Loans Report to lenders on Dec. 3. Unreported loans include those not reported through the lender manifest process since June 1999 or loans never reported through the lender manifest process. Reports were mailed to the lender address that was listed on the MSLP database, so the lender's servicer may have received the report on behalf of the lender. All

lenders with unreported loans were asked to respond by Feb. 15, 2000. As of Feb. 25, 93 lenders had responded.

Because guarantors are now required to evaluate and reconcile National Student Loan Data System data supplied by lenders when conducting lender program reviews, it is very important to clear up unreported loans. Lenders that may not be selected for program review under the existing selection criteria may now be selected based on their

number of unreported loans.

If a lender would like information about unreported loans under its lender code, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. For assistance in reporting reconciliations of unreported loans, lenders or servicers may contact Missy Markis at Guarantec, the MSLP servicer, at (800) 667-7906, extension 7480, or Kendra Robinson at extension 7440. ★

April 2000



MOSTARS is providing this Publications Order Form to Missouri institutions in an effort to distribute free brochures and informational materials regarding Missouri's student financial assistance programs. For more information, please contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

MOSTARS

Publications

Order Form

MOSTARS, the student assistance division
of the Missouri Department of Higher Education

Date Order Submitted _____

Date Publications Are Needed _____

Name _____

Institution _____

Street Address _____

City _____ State _____

Zip Code _____ Phone _____

Check the category that applies to your institution:

- ☐ postsecondary institution ★ OE code _____
- ☐ lender ★ OE code _____
- ☐ high school
- ☐ other _____

Return this completed form to:

MOSTARS Publications
3515 Amazonas Drive
Jefferson City, MO 65109
(800) 473-6757 ★ FAX (573) 751-6635

For MOSTARS Use Only

Order Taken By: _____

Date Sent: _____ **By:** _____

GENERAL INFORMATION

- ☐ MOSTARS Folder (2/99)
- ☐ What is MOSTARS? (9/98)
- ☐ MOSTARS Contact Cards (8/98)
- ☐ Resources on the World Wide Web (6/99)
- ☐ Choosing the Right School for You **NEW!** (1/00)
- ☐ Need Money for College?...Missouri Grants, Scholarships, Loans and More (4/00)
- ☐ Missouri Student Financial Assistance Programs (4/99)
- ☐ Missouri Higher Education Academic Scholarship "Bright Flight" Program (2000-2001 Academic Year)

DEFAULT PREVENTION MATERIALS

The following items are recommended for postsecondary institutions only.

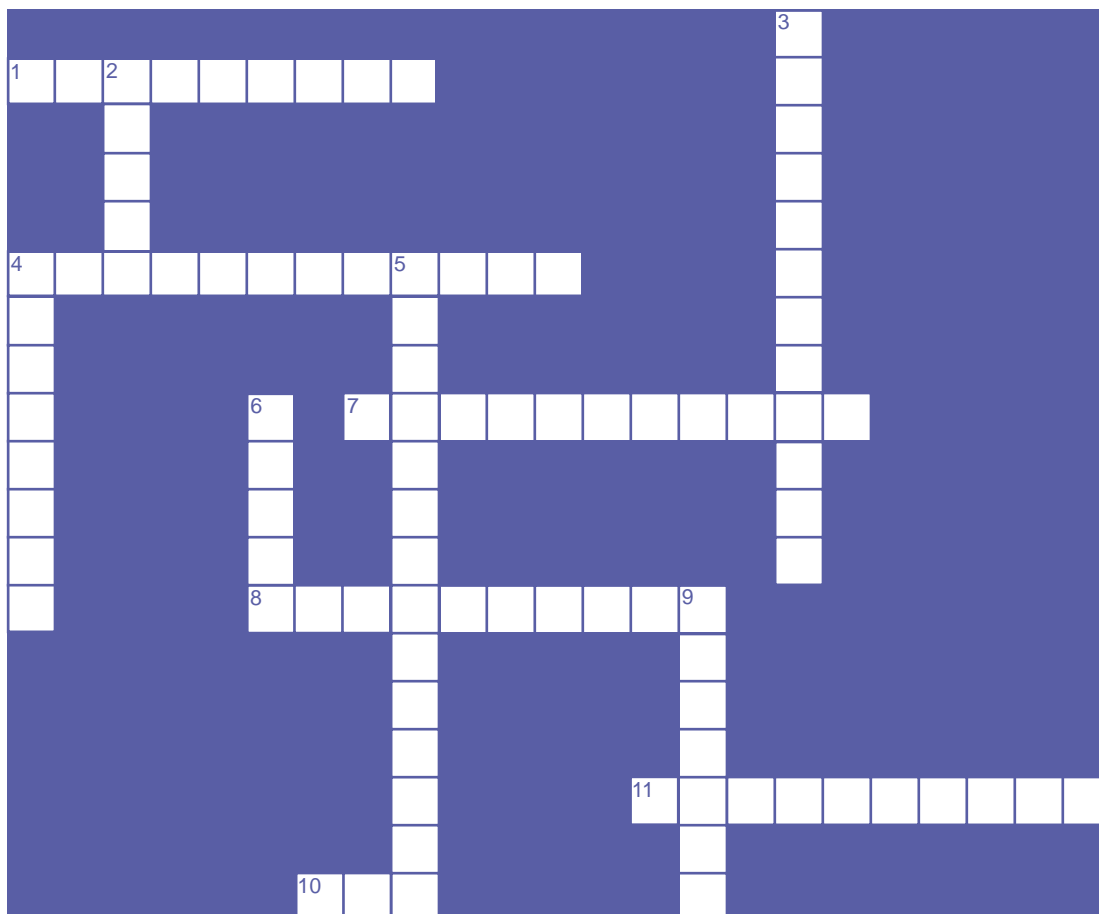
- ☐ Entrance Counseling Booklet (12/97)
- ☐ Exit Counseling Booklet (4/99)
- ☐ Smart Habits for Student Retention & Default Prevention (7/99) +
- ☐ Before You Sign, Think! (10/99)
- ☐ Change of Status Form (10/99)
- ☐ Good News for Defaulted Borrowers (2/99)
- ☐ "Do the Smart Thing" Poster (8/99)
- ☐ "Do the Smart Thing" Poster Contact Card Pads (25 cards per pad) (8/99)

+ Not for student distribution

Test Your Knowledge



The answers to the crossword puzzle are contained in this issue of the MOSTARS Newsletter. If you're not sure of the answers, reread the newsletter or look for the answer key in the next issue.



Across

1. The new Common Manual policy exempts in-school _____ only from the six-month backdating rule.
4. All _____ are required to use the MPN for loan periods starting on or after July 1, 2000, and for loans certified on or after July 1, 2000.
7. The main benefit of the Mapping-Your-Future Electronic Counseling is more _____ for schools.
8. The National Council of Higher Education Loan Programs, Inc., MPN Implementation Guide can be _____ from the NCHelp web site.
10. It is the lender's responsibility to ensure a completed _____ is on file before funds are disbursed.
11. Mapping-Your-Future is a national web site sponsored by _____ throughout the country.

Down

2. School or lender clients can order a variety of _____ through the MOSTARS web site.
3. The electronic counseling sessions require students to complete a test on which they must score at least 70 percent in order for the _____ document to print.
4. The lender can bill the U.S. Department of Education for _____ benefits on a subsidized Federal Stafford Loan beginning on the date the borrower's qualifying enrollment begins.
5. The Missouri Student Loan Program supports the early _____ of the exemption from the six-month backdating rule for in-school deferments.
6. Most institutions have indicated they will use the _____ letter process to document the student's desire to borrow a loan.
9. Mapping-Your-Future provides information about career planning and _____ prevention.

Revised Brochure Includes Updated Information on State, Federal Student Assistance

Publication Update

Information Center
(800) 473-6757 or (573) 751 3940

A new name might be the first thing you notice about the "Missouri Grants, Scholarships, Loans" brochure, but it isn't the only change you'll find when the revised version becomes available this month.

The newly titled brochure, "Need Money for College? Missouri Grants, Scholarships, Loans and More..." has been revised to include the most recent information on state and federal student financial assistance programs available to Missouri students.

A description of the Missouri Saving for Tuition (MO\$T) Program, a savings program that offers a combination of federal and state tax incentives if contributions are used to pay for college expenses, has been included.

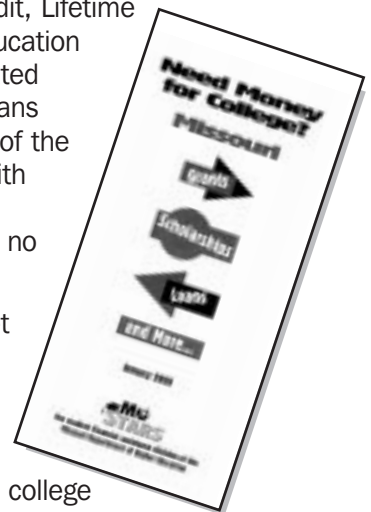
In addition, a list of state and federal student financial assistance programs, including those MOSTARS does not administer, is provided, and a single, easy-to-read chart explaining the interest rates for FFEL Program loans has been added.

Also incorporated into the brochure is information from the "How to Save and Assist with Paying for College Costs" brochure, which addresses the Taxpayer Relief Act of 1997. Federal tax incentives for saving for college,

including the Hope Tax Credit, Lifetime Learning Tax Credit and Education IRAs, are listed in the updated grants, scholarships and loans brochure. Once our supply of the "How to Save and Assist with Paying for College Costs" brochure is depleted, it will no longer be available.

In addition, a list of Internet resources for students and parents has been added. The list directs students and parents to web sites that provide information on college and career planning, how to pay for college, free scholarship searches and more detailed information on the student assistance programs described in the brochure.

To request copies of the updated brochure, complete a publications order form (a new version of the form is included in this issue on page 5), indicating the quantity needed, and return it to MOSTARS. ★



The 2000-2001 Advantage Missouri designated academic programs listing for all approved Missouri institutions is available on the MOSTARS web site. You can visit www.mocbhe.gov/mostars/advmoprog.htm to view your institution's designated program listing. ★

Electronic Counseling Moves to MYF

Judy Cantoni
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USER ID: JUDYC

**FFEL
Program**

Effective March 31, MOSTARS switched the electronic entrance and exit loan counseling service from MOSTARS' own counseling program to the Mapping-Your-Future Electronic Counseling. This service will continue to be provided to MOSTARS clients free of charge. A memorandum regarding this change was mailed to all participating FFEL Program schools and lenders in March.

MOSTARS has been a member of Mapping-Your-Future, a national web site sponsored by 31 guarantors throughout the country, since 1997. The MYF site promotes early awareness, provides college and career planning, offers electronic loan counseling and supports default prevention initiatives.

Students will have access to the counseling sessions through www.mocbhe.gov/mostars/finmenu.htm and will be linked to the MYF counseling web site to complete their electronic counseling sessions. To instruct students on how to locate these sessions on our site, we have

revised our Student User's Guides for Loan Counseling. Copies of each of these updated documents were mailed with the MOSTARS Electronic Entrance and Exit Loan Counseling memorandum in March.

The main benefit of the MYF Electronic Counseling is added flexibility for schools. Still available is the opportunity to continue requiring students to print a confirmation page and bring it to the student financial aid office after the electronic counseling session has been successfully completed. The counseling session requires the student to complete a test in which they must score at least 70 percent in order for the confirmation document to print. If the school signs on to the MYF site as a participating school and completes the on-line registration, access to reporting information regarding students' completion of the counseling session can be requested in an electronic form rather than requiring the student to bring a paper form to the student financial

aid office. The electronic information will include the student's name, social security number and the date counseling was completed. Instructions for schools on how to register as a participant with on-line counseling was also enclosed with the MOSTARS Electronic Entrance and Exit Loan Counseling memorandum in March.

One of the student benefits with this product is cross-referencing information. As mentioned earlier, MYF also provides information about career planning and default prevention. Therefore, students can be introduced to information regarding budgeting and calculating estimated loan payments and can access information regarding national data on career options.

MOSTARS is pleased to offer this new service to students and schools. For assistance in implementing this process, contact your client service representative or the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. ★

Staff News

Congratulations!

Amy Haller, administrative assistant, and her husband, Darryl, have a good reason to celebrate. On Feb. 3, they became the proud parents of a daughter, Brianna Alexis.

According to Rhonda Elliott, MOSTARS student assistance associate, both Amy and the baby are doing well.

The Hallers live in Freeburg, and Brianna is their first child.

Congratulations, Amy and Darryl! ★

Eligible Lender List Changes

Clients who use the Missouri Student Loan Program Combined Eligible Lender List should make note of the following changes. New lists are printed upon request, so your list may already have these changes. Refer to the effective date of the changes and compare them to the date listed at the lower left corner of your list to determine whether or not you should pencil in these changes.

Changes

Mercantile Bank of Lawrence, OE 804609-00 & -50

New Name: Mercantile/Firststar
Changes made March 1, 2000

Citizens-Jackson County Bank, OE 813982-00

Mercantile Bank of Kansas City, OE 825573-00, 823475-00, 822044-00

New FICE Lender Name: Mercantile/Firststar
Changes made March 1, 2000

Mercantile Bank of St. Joseph (ATOM), OE 814548-50

New Name: Mercantile/Firststar Bank c/o MOHELA
Changes made March 1, 2000

Mercantile Bank of St. Joseph NA c/o MOHELA, OE 814548-51

Add FICE Code: 814548-50
Add FICE Lender Name: Mercantile/Firststar
Changes made March 1, 2000

Mercantile Bank of St. Joe/Springfield, OE 814548-03

Mercantile Bank of St. Joseph NA c/o MOHELA, OE 814548-02

Mercantile Bank of St. Joseph/Joplin, OE 814548-01

Mercantile Bank of St. Louis NA c/o LSC/KS, OE 806885-00, 828736-00, 823473-00, 827024-00 & 826630-00

Mercantile Bank - Doniphan c/o LSC/KS, OE 806838-00

Mercantile Bank - Montgomery City c/o LSC/KS, OE 824211-00

Mercantile Bank - NorthCentral MO c/o LSC/KS, OE 806923-00

Mercantile Bank Jefferson County c/o LSC/KS, OE 806864-00

Mercantile Bank of Franklin County c/o LSC/KS, OE 813980-00

Mercantile Bank of Monett, NA, OE 813983-00

Mercantile Bank of North Central MO, OE 812787-00 & 830422-00

Mercantile Bank of Northwest County, NA, OE 830357-00

Mercantile Bank of Poplar Bluff c/o LSC/KS, OE 822367-00

Mercantile Bank of Sikeston c/o LSC/KS, OE 806908-00

Mercantile Bank of Springfield c/o LSC/KS, OE 813970-00

Mercantile Bank of Table Rock Lake c/o LSC/KS, OE 831884-00

Mercantile Bank-Cape Girardeau c/o LSC/KS, OE 824855-00

Mercantile Bank-Lake of the Ozarks c/o LSC/KS, OE 827579-00

Mercantile Bank-Memphis c/o LSC/KS, OE 806760-00

Mercantile Bank-Mineral Area c/o LSC/KS, OE 827913-00 & 806922-00

Mercantile Bank-Monett NA c/o LSC/KS, OE 806850-00

Mercantile Bank-Pike County c/o LSC/KS, OE 806826-00

Mercantile Bank-Ste. Genevieve c/o LSC/KS, OE 816054-00

Mercantile Bank-Stodd/Boll Counties c/o LSC/KS, OE 806749-00

First National Bank-Salem c/o MOHELA, OE 813768-50

United Savings Bank, OE 832035-00

New FICE Code: 814548-50
New FICE Lender Name: Mercantile/Firststar
Changes made March 1, 2000

Removed

St. Johns Bank & Trust Co. c/o MOHELA, OE 824138-00 & -50

Removed Feb. 25, 2000

CariAnne Cutshall
(800) 473-6757 or
(573) 522-2008
USER ID: ccutshal

Participation Lists

To request an MSLP Combined Eligible Lender List, call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

For more information, refer to the August 1998 issue of FFELPfacts. You also can view a sample of the list in the October 1998 issue of the MOSTARS newsletter.

The list also is available on the MOSTARS web site at www.mocbhe.gov/mostars/lnrlist.pdf. ★

Basic Training Set for May

MOSTARS will again be conducting FFEL Program school basic training sessions in May at four sites across the state: Springfield, Columbia, St. Louis and Kansas City. The sessions will focus on loan certification and loan limits to provide an introduction for newcomers and a refresher for financial aid veterans.

MOSTARS will kick off its annual basic training sessions in Springfield and Columbia on May 23. The basic training sessions held in St. Louis and Kansas City are scheduled for May 24 and 25, respectively. The MOSTARS client service representatives who will be conducting training sessions in each location are as follows: Judy Cantoni (St. Louis), Pam King (Springfield), Natalee Girardi (Columbia) and Michelle Krambeck (Kansas City). There is no registration fee for the training, and lunch will be provided.

The one-day training will provide new information and reference handouts as well as an opportunity to have questions addressed in a forum of colleges and universities.

A separate memo, including a detailed agenda, registration materials and a list of training locations, has been sent to all Missouri postsecondary institutions. The deadline for registration is May 5. If you have questions regarding the upcoming sessions, call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. ★

Judy Cantoni
(573) 335-1150
USER ID: JUDYC

MOSTARS Welcomes New Staff Member

Although Maureen Duncan is new to MOSTARS, she isn't new to student financial aid or the Missouri Department of Higher Education.

Maureen, who recently began working for MOSTARS as its newest compliance reviewer, graduated from the University of Missouri-Columbia in December with a bachelor of science degree in parks, recreation and tourism. While a student at MU, she worked for four years in the student financial aid office, which sparked her interest in continuing to work in the student financial aid profession.

"I enjoy working in financial aid, especially knowing I play some part in helping students gain a postsecondary education," Maureen said.

Before joining MOSTARS, Maureen worked as an intern in the public information unit of the Missouri Department of Higher Education. Through her internship, she gained experience in special events planning, an area within her degree program in which she was particularly interested.

Staff News

As an intern, she helped plan the 1999 Governor's Conference on Higher Education, held Dec. 8-9 in St. Louis.

"Although public information and financial aid are different areas, the transition wasn't too difficult," Maureen said. "My biggest challenge so far has been trying to learn all there is to know about financial aid."

Maureen enjoys the variety of her job as compliance reviewer. Among her responsibilities, she reviews loan discharge applications, conducts school reviews and is even getting to use her newly acquired special events planning skills to help plan the luncheon session of the 2000 Default Prevention and Debt Management Conference, which will be held April 26-27 at the Holiday Inn Select in Columbia.

Maureen and her husband, Chris, live in Columbia.

Welcome, Maureen! ★

The Missouri Department of Higher Education makes every effort to provide program accessibility to all citizens without regard to disability. If you require this publication in an alternate form, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. Hearing/speech impaired can call (800) 735-2966.

Coordinating Board for Higher Education
3515 Amazonas Drive
Jefferson City, MO 65109

FIRST CLASS

MOSTARS, a division of the Coordinating Board for Higher Education, publishes this newsletter to inform Missouri's financial aid community of current issues concerning the Missouri Student Loan Program and the Missouri Grant and Scholarship Programs.

Dr. Ray HenryCBHE Chairman

Dr. Kala M. Stroup.....Commissioner
of Higher Education

Karen MisjakMOSTARS Director